

NCA
VOC FOR IOP/FN
BACKGROUND NO. 1-0120
FRANK M. FEINBERG

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STOCK PRICES AT 27-MONTH HIGH

ANNCR:

THE INDUSTRIAL AVERAGE OF STOCKS ON WALL STREET NOW IS AT A TWENTY-SEVEN MONTH HIGH. VOA BUSINESS EDITOR FRANK FEINBERG HAS THIS BACKGROUND REPORT ON THE STOCK MARKETS PRESENT POSITION, AND THE FUTURE OUTLOOK: VOICE:

TRADING VOLUME IS CONTINUING AT RECORD LEVELS, AND THE NUMERICAL AVERAGE OF STOCKS TRADED ON THE NEW YORK EXCHANGE IS APPROACHING THE LONG-ELUSIVE ONE-THOUSAND MARK. ACTUALLY, AS VOLUME CONTINUES AT A THIRTY-FIVE-MILLION-SHARE-A-DAY PACE OR MORE -- AS IT HAS BEEN -- THIS PORTENDS AN EARLY TEST OF THE DOW-JONES INDUSTRIAL AVERAGE TOP LEVEL OF ONE-THOUSAND-SIXTY, MADE IN 1973. VOLUME IS THE BIG FACTOR IN UPWARD MOVEMENT OF STOCK PRICES. AND THE VOLUME OF DAILY TRADING HAS BEEN NEARLY DOUBLE THAT IN DECEMBER OF LAST YEAR. IF THE DOUBLING OF TRADING VOLUME IS INDICATIVE OF THE STOCK MARKETS CURRENT STRENGTH, THE DOUBLING IN THE NUMBER OF STOCKS MOVING HIGHER DAILY LIKEWISE CONFIRMS THE MARKETS VIGOR. MORE THAN TWENTY-ONE HUNDRED STOCKS ARE LISTED ON THE NEW YORK EXCHANGE. WHEN MORE THAN ONE-THOUSAND OF THEM MOVE UP DAILY -- EVEN A FRACTION OF A POINT -- THE MARKET IS SHOWING SUSTAINED STRENGTH. AND THIS HAS BEEN EVIDENT SINCE THE NEW YEAR BEGAN.

THE PROGRESSIVE DROP IN SHORT-TERM INTEREST RATES AND THE SLOWING OF INFLATION HAS HELPED THE STOCK MARKET.

BANK STOCKS ARE A GOOD EXAMPLE. THEIR PRICES RISE WHILE THE PRICE OF THE COMMODITY THEY SELL -- MONEY -- COMES DOWN. STOCKS OF PUBLIC UTILITIES HAVE BEEN GOING UP, AS INVESTORS SEE GOOD RETURNS IN THEIR LIBERAL DIVIDENDS. VERY GOOD EARNINGS BY MANY U.S. INDUSTRIES ARE ATTRACTING A LOT OF MONEY INTO THE STOCK MARKET. MONEY IS ALSO BEING INVESTED FROM EUROPE, THE MIDEAST AND ASIA IN ADDITION TO DOMESTIC CAPITAL.

FMF/JS/PY